

**GALA CORAL GROUP**

**RESULTS FOR THE 12 WEEKS ENDED 6 JULY 2013**

KEY FINANCIALS

Continuing Operations <sup>{1}</sup>	Quarter 3 Total results <sup>{1}</sup>			Year to date Total results		
	FY13	FY12	Change %	FY13	FY12	Change %
	£m	Rebased <sup>{2}</sup> £m		£m	Rebased <sup>{2}</sup> £m	
Turnover	259.1	237.1	9%	870.6	819.9	6%
Gross profit <sup>{3}</sup>	193.9	187.5	3%	654.2	635.3	3%
EBITDA <sup>{4}</sup>	57.4	53.5	7%	194.1	197.5	(2%)

{1} Results include all revenue and expenses for the retained group and exclude the disposed casinos

{2} The FY12 Q3 and YTD comparative have been adjusted for the Euro 2012 football championships. The FY12 Q3 comparative has also been adjusted for the Aintree Festival (which was in Q2 this year). Unadjusted comparatives are shown in the table on page 2

{3} Management Accounts Gross Profit differs from statutory format Gross Profit due to adjustments for free bets, certain machine costs and vending machines income

{4} Pre-exceptional items

HIGHLIGHTS FOR Q3

The key trading highlights for the Continuing Operations<sup>{1/2}</sup> for the twelve weeks ended 6 July 2013 were as follows:

- Turnover was 9% ahead of last year and gross profit was £6.4m or 3% ahead of last year, reflecting growth in all retained businesses except Gala Retail.
- EBITDA (pre exceptionals) was £3.9m or 7% ahead of last year.
- Coral Retail gross profit was £4.4m or 4% higher than last year, driven by new shop openings and the roll-out of the new Infinity machines.
- Coral Interactive demonstrated accelerating growth with gross profit £3.9m or 105% higher than last year. There was a 41% increase in active player numbers and a 128% increase in amounts staked.
- Eurobet Italia continued to grow its market share, with Retail sports betting share increasing to 7.5% (FY12: 6.3%) and online market share now standing at 9% (FY12: 7.2%). Gross profit was £0.1m or 6% ahead of last year.
- Gala Retail gross profit declined by 9% as a result of continued lower admissions and weak spend per head levels.
- Gala Interactive had another positive quarter with a 28% increase in actives and a 44% increase in stakes resulting in a £2.6m or 27% increase in gross profit.
- The sale of 19 UK Casinos to the Rank Group Plc for total proceeds of £179.0m completed on 12th May 2013. A prepayment of the Term Loan B debt of £113.1m was made, leaving covenant net debt at the end of Q3 of £1,193.2m, an improvement of £128.9m since the year end, and reducing the net debt/EBITDA (pre-exceptionals) LTM covenant by 0.4x on a pro-forma basis.

{1} Results include all revenue and expenses for the retained group and exclude the disposed casinos

{2} The FY12 Q3 comparative has been adjusted for Euros 2012 and the Aintree Festival (which was in Q2 last year). Unadjusted comparatives are shown in the table on page 2

*Carl Leaver, Group Chief Executive of Gala Coral Group, commented:*

“The Group posted a resilient performance in the quarter, which saw underlying gross profit growth in all our businesses with the exception of Gala Retail. Both Gala Retail and Coral Retail continue to face a challenging consumer environment, with footfall down in both businesses. This trend has continued into the fourth quarter with the weather compounding the impact. The performance of both Coral Interactive and Gala Interactive remains encouraging with both returning significant year-on-year growth in actives and gross profit for the third quarter in a row. This improved performance has been supported by an increased level of marketing that will drive growth into the next financial year. In Italy, the first of the 500 new shops opened at the end of July, and we are on course to open over three quarters of the new shops by the end of the calendar year”.

## GROUP PERFORMANCE

Following completion of the second phase of divisionalisation of certain activities that were previously managed centrally, divisional EBITDA is now stated on a stand-alone basis. The divisional numbers include bonus costs by division as well. The residual central costs reflect the Group's corporate centre and associated costs (including bonus costs for Group employees). For comparative purposes FY12 has been restated on the same basis. The Appendix on page 10 provides detail of the restatement and also includes restated Q1 and Q2 numbers for FY13 and all quarters of FY13.

QUARTER 3: CONTINUING OPERATIONS <sup>(1)</sup>	Gross profit <sup>(4)</sup>	Gross profit <sup>(4)</sup>	EBITDA <sup>(5)</sup>	EBITDA <sup>(5)</sup>
	FY13	FY12	FY13	FY12
	£m	£m	£m	£m
<b>BOOKMAKING<sup>(2)</sup></b>				
Coral Retail	115.7	111.3	35.4	32.8
Coral Interactive	7.6	3.7	0.6	0.0
Coral Telebet	1.4	0.8	0.6	(0.1)
Italy	<u>4.7</u>	<u>4.6</u>	<u>2.0</u>	<u>1.7</u>
	<b>129.4</b>	<b>120.4</b>	<b>38.6</b>	<b>34.4</b>
<b>BINGO</b>				
Gala Retail Bingo	47.8	52.7	11.9	15.0
Gala Retail Casino	4.4	4.6	0.8	0.8
Gala Interactive	<u>12.4</u>	<u>9.8</u>	<u>6.6</u>	<u>5.3</u>
	<b>64.6</b>	<b>67.1</b>	<b>19.3</b>	<b>21.1</b>
<b>CENTRAL</b>				
Central costs <sup>(3)</sup>	—	—	(0.5)	(2.0)
<b>TOTAL (FY12 REBASED<sup>(2)</sup>)</b>	<b>194.0</b>	<b>187.5</b>	<b>57.4</b>	<b>53.5</b>
Euro 2012 / Aintree festival	—	<u>6.9</u>	—	<u>6.3</u>
<b>TOTAL</b>	<b>194.0</b>	<b>194.4</b>	<b>57.4</b>	<b>59.8</b>
<b>YEAR TO DATE: CONTINUING OPERATIONS<sup>(1)</sup></b>				
<b>BOOKMAKING<sup>(2)</sup></b>				
Coral Retail	393.5	383.1	124.5	125.4
Coral Interactive	19.4	11.6	(4.7)	0.0
Coral Telebet	3.3	2.9	0.9	0.4
Italy	<u>23.6</u>	<u>21.1</u>	<u>12.7</u>	<u>11.2</u>
	<b>439.8</b>	<b>418.7</b>	<b>133.4</b>	<b>137.0</b>
<b>BINGO</b>				
Gala Retail Bingo	159.7	169.2	39.1	45.7
Gala Retail Casino	14.5	16.0	2.7	3.4
Gala Interactive	<u>40.2</u>	<u>31.4</u>	<u>21.2</u>	<u>17.3</u>
	<b>214.4</b>	<b>216.6</b>	<b>63.0</b>	<b>66.4</b>
<b>CENTRAL</b>				
Central costs <sup>(3)</sup>	—	—	(2.3)	(5.9)
<b>TOTAL (FY12 REBASED<sup>(2)</sup>)</b>	<b>654.2</b>	<b>635.3</b>	<b>194.1</b>	<b>197.5</b>
Euro 2012	—	<u>2.9</u>	—	<u>2.3</u>
<b>TOTAL</b>	<b>654.2</b>	<b>638.2</b>	<b>194.1</b>	<b>199.8</b>

{1} Results include all revenue and expenses for the retained group and exclude the disposed casinos

{2} The FY12 Q3 and YTD comparative have been adjusted for the Euro 2012 football championships. The FY12 Q3 comparative has also been adjusted for the Aintree Festival (which was in Q2 this year). Unadjusted comparatives are shown in the table on page 2

{3} Central costs include other operating income representing sub-let rental income

{4} Divisional gross profit is stated after the cost of certain free bets

{5} Pre-exceptional items

## GROUP PERFORMANCE

The main factors impacting year on year movements in EBITDA (pre-exceptionals) and Gross Profit were as follows:

CONTINUING OPERATIONS <sup>{1}</sup>	Quarter 3		Year to date	
	£'m	£'m	£'m	£'m
<b>FY12 EBITDA (pre-exceptionals)</b>		<b>59.8</b>		<b>199.8</b>
Aintree Festival 2012		(4.0)		0.0
Euro 2012		<u>(2.3)</u>		<u>(2.3)</u>
<b>FY12 EBITDA (pre-exceptionals) rebased</b>		<b>53.5</b>		<b>197.5</b>
Gross Profit Movements:				
Underlying Improvements	4.5		22.8	
Weather Adjustment	0.0		(1.9)	
Cost Phasing	<u>2.0</u>		<u>(2.0)</u>	
		6.5		18.9
Cost Movements:				
Interactive Marketing	(3.9)		(12.9)	
Bonus Provision	5.3		5.6	
Underlying Cost Increases	<u>(4.0)</u>		<u>(14.9)</u>	
		<u>(2.6)</u>		<u>(22.2)</u>
<b>FY13 EBITDA (pre-exceptionals)</b>		<b>57.4</b>		<b>194.1</b>

{1} Results include all revenue and expenses for the retained group and exclude the disposed casinos

After adjusting for the impact of the Aintree festival (which was run in Q3 last year and Q2 this year) and for the Euro 2012 football championships, underlying gross profit improvements totalled £4.5m during the third quarter, reflecting growth in all continuing businesses, with the exception of Gala Retail.

The phasing of certain costs within gross profit in Coral Retail resulted in £6.0m of additional cost being recognised in Q1 in FY13 compared to the same period last year. £4.0m of this cost variance has reversed during Q2 and Q3, and the remaining £2.0m adverse variance will reverse in Q4.

Within operating costs, marketing spend in the Interactive businesses was £3.9m higher in Q3 (year to date: £12.9m) reflecting the continued investment to drive customer acquisition. This investment will deliver future gross profit improvement and will continue at these increased levels of expenditure for the remainder of this financial year.

Underlying costs increased by £4.0m in Q3 (£14.9m year to date) primarily as a result of cost increases in Coral Retail including estate development, increased shop TV content costs of £1.7m and increased irrecoverable VAT of £1.9m resulting from the introduction of MGD that came into effect on the 1<sup>st</sup> February 2013.

	12 weeks ended 6 July 2013	12 weeks ended 30 June 2012	Year on Year variance
<b>KPIs <sup>{1}</sup></b>			
<i>OTC</i>			
Gross win margin (%) <sup>{3}</sup>	16.3%	17.0%	(0.7pp)
Average number of LBO's	1,776	1,725	3%
<i>Machines</i>			
Average number of machines	7,082	6,872	3%
Gross win/machine/week (£)	948	938	1%
<b>P&amp;L <sup>{1}</sup></b>			
OTC amount staked <sup>{3}</sup>	406.6	411.4	(1%)
Machines amount staked	<u>2,143.4</u>	<u>2,196.8</u>	<u>(2%)</u>
<b>Total stakes <sup>{3}</sup></b>	<b>2,550.0</b>	<b>2,608.2</b>	<b>(2%)</b>
OTC gross win <sup>{3}</sup>	66.1	68.0	(3%)
Machines gross win	<u>80.5</u>	<u>77.3</u>	<u>4%</u>
<b>Total gross win <sup>{3}</sup></b>	<b>146.6</b>	<b>145.3</b>	<b>1%</b>
<b>Divisional gross profit <sup>{3}</sup></b>	<b>115.7</b>	<b>111.3</b>	<b>4%</b>
Operating costs <sup>{2}</sup>	<u>(80.3)</u>	<u>(78.5)</u>	<u>(2%)</u>
<b>EBITDA (FY12 REBASED <sup>{3}</sup>) <sup>{4}</sup></b>	<b>35.4</b>	<b>32.8</b>	<b>8%</b>
Euro 2012 / Aintree festival	<u>—</u>	<u>5.9</u>	
<b>EBITDA <sup>{4}</sup></b>	<b>35.4</b>	<b>38.7</b>	<b>(8%)</b>

{1} Results are for the total estate unless otherwise stated

{2} FY12 and FY13 operating costs have been restated to include costs that were previously managed centrally (including bonus costs). Operating costs also include sub-let rental income

{3} FY12 has been restated to exclude the impact of the Euro 2012 football championships and the 2012 Aintree Grand National festival

{4} EBITDA is stated pre-exceptional items

Coral Retail's underlying EBITDA (pre exceptionals) was £2.6m or 8% higher driven by new openings and machines performance, as well as the phasing of certain costs within gross profit.

Machines gross win was £3.2m or 4% ahead of last year with machines gross win margin 0.24pp higher at 3.76%. The increased margin was primarily due to a change in mix from B2 to higher margin B3 games following the introduction of the new Infinity machines.

OTC gross win was £1.9m or 3% adverse as a result of a £4.8m or 1% fall in OTC stakes and a gross win margin 0.7pp behind last year at 16.3%. The decrease in gross win margin was primarily as a result of poor horse racing results. This was partially offset by continued strong football margin performance, which was 8.8pp ahead of last year as a consequence of favourable results and the successful implementation of a range of new products.

Total gross win was £1.3m or 1% ahead of last year. Favourable costs movements within gross profit, including lower duty costs and the recognition of a £2.0m cost phasing credit (detailed on page 3) resulted in gross profit £4.4m or 4% ahead.

Operating costs were £1.8m or 2% higher than last year. Cost increases as a result of estate development, increased shop TV content costs and increased irrecoverable VAT (resulting from the introduction of MGD that came into effect on the 1<sup>st</sup> February 2013), were partially offset by a lower level of bonus accrual.

The average number of LBOs increased by 51 units compared to the same quarter last year.

Note: All commentary is against FY12 rebased for the impact of the Euro 2012 football championships and the Aintree Festival.

	12 weeks ended 6 July 2013	12 weeks ended 30 June 2012	Year on Year variance
<b>KPIs<sup>{1}</sup></b>			
Actives ('000)	197.1	171.7	15%
Coral.co.uk sports gross win margin(%) <sup>{3}</sup>	6.7%	7.9%	(1.2pp)
<b>P&amp;L<sup>{1}</sup></b>			
Amounts staked – Coral.co.uk sports <sup>{3}</sup>	67.4	25.9	160%
Amounts staked – Coral.co.uk gaming	<u>230.7</u>	<u>105.0</u>	<u>120%</u>
<b>Total amounts staked<sup>{3}</sup></b>	<b>298.1</b>	<b>130.9</b>	<b>128%</b>
Gross win – Coral.co.uk sports <sup>{3}</sup>	4.6	2.1	119%
Gross win – Coral.co.uk gaming	<u>7.4</u>	<u>3.9</u>	<u>90%</u>
<b>Total gross win<sup>{3}</sup></b>	<b>12.0</b>	<b>6.0</b>	<b>100%</b>
<b>Total gross profit<sup>{3}</sup></b>	<b>7.6</b>	<b>3.7</b>	<b>105%</b>
Operating costs <sup>{2}</sup>	<u>(7.0)</u>	<u>(3.7)</u>	<u>(89%)</u>
<b>EBITDA (FY12 REBASED<sup>{3}</sup>)<sup>{4}</sup></b>	<b>0.6</b>	<b>0.0</b>	<b>N/A</b>
Euro 2012 / Aintree festival	<u>-</u>	<u>0.1</u>	<u>N/A</u>
<b>EBITDA<sup>{4}</sup></b>	<b>0.6</b>	<b>0.1</b>	<b>500%</b>

{1} Coral Interactive consists of online and mobile (and excludes the telephone betting operation, Telebet)

{2} FY12 and FY13 operating costs have been restated to include costs that were previously managed centrally (including bonus costs)

{3} FY12 has been restated to exclude the impact of the Euro 2012 football championships and the 2012 Aintree Grand National festival

{4} EBITDA is stated pre-exceptional items

Coral Interactive continued to show strong year on year growth with actives up by 15% to 197.1k, partly as a result of a new television advertising campaign. Sports gross win was £2.5m or 119% ahead of last year at £4.6m and gaming gross win was £3.5m or 90% ahead.

Site performance improved significantly during the quarter, with no major technical issues or platform down-time impacting revenue. Platform development work continues to ensure the stability of both the website and mobile applications during future high volume events.

Gross profit was £3.9m or 105% ahead of last year at £7.6m. Operating costs were £3.3m or 89% greater than last year at £7.0m, of which £2.1m of the increase related to marketing costs. This was in line with expectations and reflects the investment in the business required to drive future growth. EBITDA (pre-exceptionals) was £0.6m ahead of last year.

Coral Telebet EBITDA (pre-exceptionals) was £0.7m ahead of last year at £0.6m as a result of strong margins.

*Note: All commentary is against FY12 rebased for the impact of the Euro 2012 football championships and the Aintree Festival.*

	12 weeks ended 6 July 2013	12 weeks ended 30 June 2012	Year on Year variance
<b>KPIs<sup>{1}</sup></b>			
LBO sports gross win margin (%) <sup>{3}</sup>	18.4%	17.3%	1.1pp
Online sports gross win margin (%) <sup>{3}</sup>	<u>10.4%</u>	<u>9.6%</u>	<u>0.8pp</u>
Total sports gross win margin (%) <sup>{3}</sup>	15.3%	14.7%	0.6pp
<b>P&amp;L<sup>{1}</sup></b>			
LBO sports stakes <sup>{3}</sup>	29.0	25.6	13%
Online sports stakes <sup>{3}</sup>	18.6	12.9	44%
Other stakes	<u>141.6</u>	<u>113.7</u>	<u>25%</u>
<b>Total amounts staked<sup>{3}</sup></b>	<b>189.2</b>	<b>152.2</b>	<b>24%</b>
LBO sports gross win <sup>{3}</sup>	5.3	4.7	13%
Online sports gross win <sup>{3}</sup>	1.9	1.2	58%
Other gross win	<u>5.4</u>	<u>4.7</u>	<u>15%</u>
<b>Total gross win<sup>{3}</sup></b>	<b>12.6</b>	<b>10.6</b>	<b>19%</b>
<b>Total gross profit<sup>{3}</sup></b>	<b>4.7</b>	<b>4.6</b>	<b>2%</b>
Operating costs <sup>{2}</sup>	<u>(2.7)</u>	<u>(2.9)</u>	(7%)
<b>EBITDA (FY12 REBASED<sup>{3}</sup>)<sup>{4}</sup></b>	<b>2.0</b>	<b>1.7</b>	<b>17%</b>
Euro 2012	-	<u>0.3</u>	N/A
<b>EBITDA<sup>{4}</sup></b>	<b>2.0</b>	<b>2.0</b>	<b>0%</b>

{1} Results are for the total estate unless otherwise stated

{2} FY12 and FY13 operating costs have been restated to include costs that were previously managed centrally (including bonus costs)

{3} FY12 has been restated to exclude the impact of the Euro 2012 football championships

{4} EBITDA is stated pre-exceptional items

Eurobet Italia continued to achieve significant market share gains. LBO sports market share was 7.5% (prior year: 6.3%), online share was 9.0% (prior year 7.2%) and total sports market share was 7.5% (prior year 6.6%).

Eurobet Italia was successful in its application for 500 new licences and was the first operator to receive its licences on the 8<sup>th</sup> July. The first shops were operational at the end of July with the roll out programme expected to be three quarters complete by the end of the calendar year.

Sports margin was 0.6pp ahead of last year at 15.3% and total sports stakes were £9.1m or 24% ahead at £47.6m. Sports gross win was £1.3m or 22% ahead of last year £7.2m.

Other gross win was £0.7m or 15% ahead of last year at £5.4m driven by a 25% increase in stakes, primarily as result of the availability of a wider range of online games.

Net costs recognised within gross profit increased by 48% due to a decrease in other income (primarily rental of fixtures and fittings to franchisees) and a change in the mix of online games resulting in higher revenue share costs. As a result gross profit was only £0.1m or 2% ahead of last year at £4.7m. Operating costs were £0.2m or 7% lower than last year due to exchange rate gains. EBITDA (pre-exceptionals) was, therefore, 17% ahead of last year at £2.0m.

*Note: All commentary is against FY12 rebased for the impact of the Euro 2012 football championships.*

	12 weeks ended 6 July 2013	12 weeks ended 30 June 2012	Year on Year variance
<b>KPIs <sup>{1}</sup></b>			
Admissions ('000)	3,585	3,828	(6%)
Spend per head (£)	34.62	36.24	(4%)
<b>P&amp;L<sup>{2}</sup></b>			
<b>Net income <sup>{3}</sup></b>	<b>69.4</b>	<b>75.9</b>	<b>(9%)</b>
<b>Total gross profit</b>	<b>47.8</b>	<b>52.7</b>	<b>(9%)</b>
Operating costs <sup>{4}</sup>	<u>(35.9)</u>	<u>(37.7)</u>	<u>5%</u>
<b>EBITDA <sup>{5}</sup></b>	<b>11.9</b>	<b>15.0</b>	<b>(21%)</b>

{1} KPIs are stated on a like for like basis due to the number of closures year on year

{2} P&L results are for the total estate

{3} Net income in FY12 is restated to be comparable with FY13 following the introduction of Machines Gaming Duty

{4} FY12 and FY13 operating costs have been restated to include costs that were previously managed centrally (including bonus costs)

Operating costs also include sub-let rental income

{5} EBITDA is stated pre-exceptional items

Admissions trends improved compared to Q1 and Q2, with the year on year fall in admissions reducing to 6% in the quarter (Q1: -9%, Q2: -9%). Latest industry data suggests that the market is down by 6%. This continued decline is due to reduced frequency of visit, rather than a reduction in the number of active members.

Overall spend per head levels were 4% behind last year. The reduction has been driven by lower spend on mainstage bingo following the re-introduction of free bingo and price trials aimed at increasing admissions through offering customers better value. Initial results from these trials have been encouraging, although recent weeks have been adversely impacted by the warm weather. Machine spend per head levels continued to outperform last year by 3% due to the upgrade of machines areas that was undertaken during FY12.

Operating costs were £1.8m or 5% below last year primarily due to a 7% reduction in payroll costs and a reduced level of bonus accrual, offset by increased irrecoverable VAT following the implementation of MGD.

EBITDA (pre-exceptionals) was £3.1m or 21% below that of the prior year.

	12 weeks ended 6 July 2013	12 weeks ended 30 June 2012	Year on Year variance
<b>KPIs<sup>{1}</sup></b>			
Actives - Galabingo.com ('000)	137.9	133.1	4%
Actives - Galacasino.com ('000)	38.8	7.4	424%
<b>P&amp;L<sup>{1}</sup></b>			
Amounts staked – Galabingo.com	229.8	186.3	23%
Amounts staked – Galacasino.com	<u>102.6</u>	<u>45.1</u>	<u>128%</u>
<b>Total amounts staked</b>	<b>332.4</b>	<b>231.4</b>	<b>44%</b>
Gross win – Galabingo.com	15.1	11.4	33%
Gross win – Galacasino.com	<u>3.9</u>	<u>1.3</u>	<u>190%</u>
<b>Total gross win</b>	<b>19.0</b>	<b>12.7</b>	<b>50%</b>
Gross profit – Galabingo.com	10.3	9.1	13%
Gross profit – Galacasino.com	<u>2.1</u>	<u>0.7</u>	<u>188%</u>
<b>Total gross profit</b>	<b>12.4</b>	<b>9.8</b>	<b>27%</b>
Operating costs <sup>{2}</sup>	<u>(5.8)</u>	<u>(4.5)</u>	<u>(29%)</u>
<b>EBITDA<sup>{3}</sup></b>	<b>6.6</b>	<b>5.3</b>	<b>25%</b>

{1} Gala Interactive consists of the Galabingo.com and Galacasino.com websites

{2} FY12 and FY13 operating costs have been restated to include costs that were previously managed centrally (including bonus costs)

{3} EBITDA is stated pre-exceptional items

Gala Interactive had another positive quarter of growth with EBITDA (pre-exceptionals) increasing by £1.3m or 25% to £6.6m.

Galabingo actives increased by 4% driven by continued investment in TV campaigns and a further release of the new mobile app at the end of the quarter. The same period last year benefited from a very high level of bonus-led customer acquisition activity. Stakes were 23% ahead of last year reflecting the improved content of the new website, and a strong margin performance resulted in a £3.7m or 33% increase in gross win to £15.1m.

Galacasino.com stakes increased by £57.5m or 128% to £102.6m with gross win increasing by £2.6m or 190% to £3.9m, underpinned by further investment in player acquisition and a number of newly acquired VIP players making high contributions in the quarter.

Overall gross profit increased by £2.6m or 27% to £12.4m. Operating costs increased by £1.3m or 29% to £5.8m primarily as a result of increased marketing costs.

## CASINO DISPOSAL

The Group completed the sale of 19 of its 24 casinos to the Rank Group Plc on the 12<sup>th</sup> May for total proceeds of £179.0m. The performance of the total Group for quarter 3 therefore includes 4 weeks and 1 day of trading for the disposed casinos. The Casino division as a whole delivered EBITDA (pre-exceptionals) in the quarter of £2.6m. These results are split between the disposed casinos and the retained casinos as follows:

P&L	12 weeks ended 6 July 2013 <sup>{1}</sup> £m	12 weeks ended 30 June 2012 £m	Year on Year variance
Retained Casinos gross profit	4.4	4.6	(4%)
Retained Casinos EBITDA (pre-exceptionals)	0.8	0.8	(8%)
Disposed Casinos gross profit <sup>{1}</sup>	7.5	22.7	(67%)
Disposed Casinos EBITDA (pre-exceptionals) <sup>{1}</sup>	1.7	4.4	(60%)

{1} The disposal took place on 12<sup>th</sup> May and therefore the disposed casinos traded for 4 weeks and 1 day of quarter 3 in FY13 versus the full 12 weeks in FY12.

## GROUP ADMINISTRATIVE COSTS

Central overheads in the quarter (before depreciation and amortisation, and including bonus costs for corporate employees) were £1.5m lower than in FY12 at £0.5m. This was due to a lower accrual of bonus costs, and a higher level of VAT rebates being received in the quarter this year. Year to date central overheads are £3.6m lower than in FY12 at £2.3m.

## EXCEPTIONAL ITEMS

Exceptional items in the quarter amounted to a debit of £11.0m (FY12: £6.3m). The primary components of this were costs associated with corporate simplification projects that are focused on ensuring the businesses can operate on a stand-alone basis, current year share-based payments charge (non-cash) and a non-cash onerous lease charge associated with a change in the discount rate applied to future costs.

## FINANCING

Net debt for covenant purposes was £1,193.2m (net of issue costs). The reduction of £128.9m since the year end is as a result of the proceeds received from the Casino disposal, offset by the additional letters of credit issued as part of the Italian tender.

Total Group net debt of £2,150.7m (29 September: £2,241.2m) also includes the Gala Propco Three Limited debt of £339.0m and GCGL loan notes of £690.6m. The Gala Propco Three Limited debt is ring-fenced from the trading Group.

Cash at bank of £183.4m includes cash for covenant purposes of £163.1m.

## CURRENT TRADING

Trading since the end of the quarter has become increasingly challenging with the hot weather having a significant impact on footfall in our UK Retail businesses. Our bookmaking businesses have also been impacted by adverse horse racing margins during the 5 weeks since the end of Quarter 3 as smaller fields have impacted results. We anticipate that period 11 will be materially behind year on year in all UK Retail businesses. Coral Interactive and Gala Interactive continue to show positive year on year growth in active users and stakes.

## APPENDIX: RESTATED COMPARATIVES

The table below sets out restated divisional EBITDA numbers in a format that is consistent with the figures on page 2. In order to enable comparability year on year the FY12 figures have been adjusted for Euro 2012 (Q3) and week 53 (Q4). These adjustments are included within non-comparable events. Furthermore, the FY12 Aintree Festival results have been moved from Quarter 3 into Quarter 2 to eliminate the timing difference that arose in FY12. All central costs that have now been divisionalised as part of Project Ocean and the relevant bonus costs have been reflected within the divisions as if the restructuring occurred from the beginning of FY12. The residual central costs reflect the Group's corporate costs and allocated bonus costs. Fluctuations arise in these costs as a result of occasional VAT rebates which are accounted for centrally.

The table also splits out the EBITDA from the 19 disposed Casinos sold to Rank by quarter.

	FY12 Q1	FY12 Q2	FY12 Q3	FY12 Q4	FY13 Q1	FY13 Q2
EBITDA <sup>{1}</sup>	£m	£m	£m	£m	£m	£m
<b>BOOKMAKING</b>						
Coral Retail	45.2	47.4	32.8	33.6	42.1	47.0
Coral Interactive	(0.2)	0.2	0.0	0.8	(3.0)	(2.3)
Coral Telebet	0.9	(0.4)	(0.1)	(0.4)	0.4	(0.1)
Italy	<u>4.9</u>	<u>4.6</u>	<u>1.7</u>	<u>0.0</u>	<u>5.8</u>	<u>5.0</u>
	<b>50.8</b>	<b>51.8</b>	<b>34.4</b>	<b>34.0</b>	<b>45.3</b>	<b>49.6</b>
<b>BINGO</b>						
Gala Retail Bingo	15.9	14.8	15.0	16.3	13.3	13.8
Gala Retail Casino	1.5	1.1	0.8	0.8	0.9	1.0
Gala Interactive	<u>6.9</u>	<u>5.1</u>	<u>5.3</u>	<u>6.6</u>	<u>8.9</u>	<u>5.7</u>
	<b>24.3</b>	<b>21.0</b>	<b>21.1</b>	<b>23.7</b>	<b>23.1</b>	<b>20.5</b>
<b>CENTRAL</b>						
Central costs <sup>{2}</sup>	<u>(2.4)</u>	<u>(1.5)</u>	<u>(2.0)</u>	<u>(1.4)</u>	<u>(0.9)</u>	<u>(0.9)</u>
	<b>72.7</b>	<b>71.3</b>	<b>53.5</b>	<b>56.3</b>	<b>67.5</b>	<b>69.2</b>
Non-comparable events	<u>-</u>	<u>(4.0)</u>	<u>6.3</u>	<u>5.4</u>	<u>-</u>	<u>-</u>
<b>TOTAL RETAINED GROUP</b>	<b>72.7</b>	<b>67.3</b>	<b>59.8</b>	<b>61.7</b>	<b>67.5</b>	<b>69.2</b>
Disposed Casinos	<u>5.7</u>	<u>4.5</u>	<u>4.4</u>	<u>4.1</u>	<u>6.1</u>	<u>5.0</u>
<b>TOTAL</b>	<b>78.4</b>	<b>71.8</b>	<b>64.2</b>	<b>65.8</b>	<b>73.6</b>	<b>74.2</b>

{1} Pre-exceptional items

{2} The residual central costs reflect the Group's corporate centre and associated costs (including bonus costs for Group employees)

## ENQUIRIES:

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### ***Forward Looking Statements***

This press release may include forward looking statements. All statements other than statements of historical facts included in this release, including those regarding Gala Coral's financial position, business and acquisition strategy, plans and objectives of management for future operations are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Gala Coral, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

The words "believe," "anticipate," "expect," "predict," "intend," "estimate," "plan," "aim," "assume," "forecast," "project," "will," "may," "should," "risk," "probable" and similar expressions, which are predictions or indications of future events and future trends, which do not relate to historical matters, identify forward-looking statements. All statements other than statements of historical facts included in this release including, without limitation, in relation to the Group's investment performance, results of operations, financial position, liquidity, prospects, growth potential, strategies and information about the macro-economic, industry and regulatory environment in which the Group operates are forward-looking. Readers of this release should not rely on forward-looking statements because, by their nature, such forward-looking statements involve known and unknown risks and uncertainties that could cause the Group's actual results, performance or achievements and the development of the industry in which it operates to be materially different from those expressed in, or suggested by, the forward-looking statements contained in this release.

These forward-looking statements are made as of the date of this release and are not intended to give any assurance as to future results. Neither the Group nor any of the Group's Directors or other officers undertake any obligation, except as required by law or by any appropriate regulatory authority, to release publicly any revisions or updates to these forward-looking statements to reflect events that occur, circumstances that arise or new information of which they become aware after the date of this release.

### ***Notice***

The accounts for the 16 weeks ended 13 April 2013 have been prepared at the level of Gala Coral Group Limited. From a profit and loss account perspective, the difference between accounts consolidated at Gala Coral Group Limited and those at Gala Electric Casinos plc is an immaterial amount of group interest payable. The differences between balance sheets consolidated at Gala Coral Group Limited and Gala Electric Casinos plc are an immaterial difference in net assets relating to the amount due in respect of subordinated group debt and immaterial classification differences in capital and reserves.